Federal Reserve Bank of Dallas

PRODUCTION GOALS AND PRICE SUPPORTS

National production goals for 1952 call for a new record-high level of total crop production. A new high level of livestock production also is expected next year. If crop goals are reached and if livestock production comes up to expectations, the total volume of agricultural commodities produced in 1952 will be about 4% above 1951 and 49% above the 1935-39 average.

The USDA has asked producers of feeds and cotton to make every effort to increase production by obtaining higher yields on the available acreage. Large crops of corn and sorghum grains are singled out as being needed next year.

The acreage goals announced by the USDA cover most of the major crops. Add to this the probable acreage of other crops and it is seen that U.S. farmers will require 3 to 4 million acres more cropland than in 1951.

The acreage goals for the states of the Eleventh Federal Reserve District - Arizona, Louisiana, Oklahoma, New Mexico, and Texas - total about the same as the acreage planted for 1951. However, the production goals show an increase of some 15% which means more produced per acre in 1952 than in 1951 if acreage and production goals are met. Whether or not this will be done will depend very largely on rainfall conditions. The production goals for the district states total substantially less than was produced in the record year 1949.

Price considerations will be basic in farmers' production plans in 1952, says the USDA. While demand for agricultural commodities will be generally strong, and farmers will be producing for a market based upon record-high income levels, price support programs again will be used to stimulate high-level production of many commodities. Price support programs already have been announced for a number of 1952 crops. Wheat, rice, corn, cotton, wool, soybeans, milk, and butterfat will be supported at 90% of parity, the maximum permissible level under the Agricultural Act of 1949. Flaxseed will be supported at an average price of $3.77 a bushel, compared with $2.65 in 1951. The announced 1952 support level for oats, barley, grain sorghums, and rye is based on 80% of parity.

Under the Defense Production Act of 1950, as amended, ceiling prices cannot be established on agricultural commodities at less than legal minimum prices determined by the Secretary of Agriculture. For most commodities the legal minimum is parity.

COTTON

The spot cotton market was somewhat weaker early this week as prices dropped to the lowest level in a month. On Tuesday, December 18, Middling 15/16-inch cotton in the 10 spot markets averaged 41.23 cents per pound, vs. 42.85 a week earlier. The comparable price on the Dallas market was 41 cents.

Cottonseed prices in Texas have been declining for the past several weeks. The average gin yard price last week was $74.50 per ton, compared with $74.90 the previous week and $77.90 a month ago. The comparable price a year ago was $106.70 per ton.

GRAINS

Corn prices on the Fort Worth market last week advanced to the highest level in 32 years. On December 10, No. 2 white corn sold as high as $2.67½ per bushel which was only 9 cents under the week's low price for No. 1 hard wheat. Corn prices drifted downward during the past few days, falling to $2.58¼ per bushel on Tuesday. No. 2 yellow corn, at $2.25¼, was down 8 cents from a week ago.

An important factor in the weaker corn market this week, according to trade reports, is the tendency on the part of many traders to hold off buying corn until more definite information is available concerning a reported standby price regulation for corn which is said to be in the making. Corn prices last week were close to the probable ceiling and this discouraged investment demand in the corn markets.

The weakness in the corn market this week is reflected in prices of other grains. The top price for No. 1 hard wheat at Fort Worth on Tuesday was $2.80¼ per bushel - down 5 cents from a week ago. No. 2 white oats at $1.22 per bushel were down 4¼ cents. No. 2 yellow milo brought $3.13 per cwt. - off 2 cents.

The USDA has predicted that wheat production in the U.S. in 1951, now estimated at 994 million bushels, is less than is likely to be used in this country and exported in the 1951-52 season, and that the carry-over next July 1 will be 60 million bushels below a year earlier. However, reserves will still total about 335 million bushels.

The USDA foresees a more active demand for U.S. rice in the 1951-52 season but at the same time says that the present acreage available for rice production exceeds our probable long-time rice requirements, both export and domestic, and the development of new rice areas does not appear to be warranted.

Rice markets in Texas and Louisiana held firm last week as trading became more active, according to the PMA. Prices of rough rice remained about unchanged.

LIVESTOCK

Livestock prices were noticeably weaker in Fort Worth this week. On Tuesday, Good and Choice beef steers and heifers brought $29.00-33.00 - $2.00 under last week's top price. Most beef cows were of Utility grade, selling at $21.00-24.00, odd head Commercial $24.00-26.00.

Commercial and Good slaughter calves turned from $23.00-30.00, a few Choice $31.00-33.00.

Choice 180-270 pound hogs cleared from $18.50-19.00, light and heavier weights ranged from $17.00-18.25.

Lamb prices on the Fort Worth market were especially low this week, partly because of labor trouble at one of the local packing plants. Choice 121 pound slaughter lambs brought $28.00.

The USDA, in its December report on feeding operations, says that more cattle and lambs will be fed this winter for the winter and spring market than were fed last year. The movement of stocker and feeder cattle into the Corn Belt during July-November was 12% above a year earlier and the second highest on record. The shipment of lambs to the Corn Belt states during the same period was up 30%, as compared with a year ago.

Commercial meat production in Texas totaled 85 million pounds in October, according to last week's BAE report. This was 21% above September and 23% more than in October 1950. Production during the first 10 months of 1951 showed an increase of 2½% over the corresponding period last year.

Livestock receipts at Fort Worth thus far in 1951 show increases of 9% for cattle, 27% for calves, and 13% for hogs, as compared with a year ago. Marketings of sheep and lambs are down 19%.

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